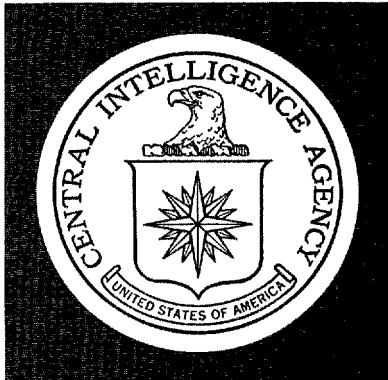


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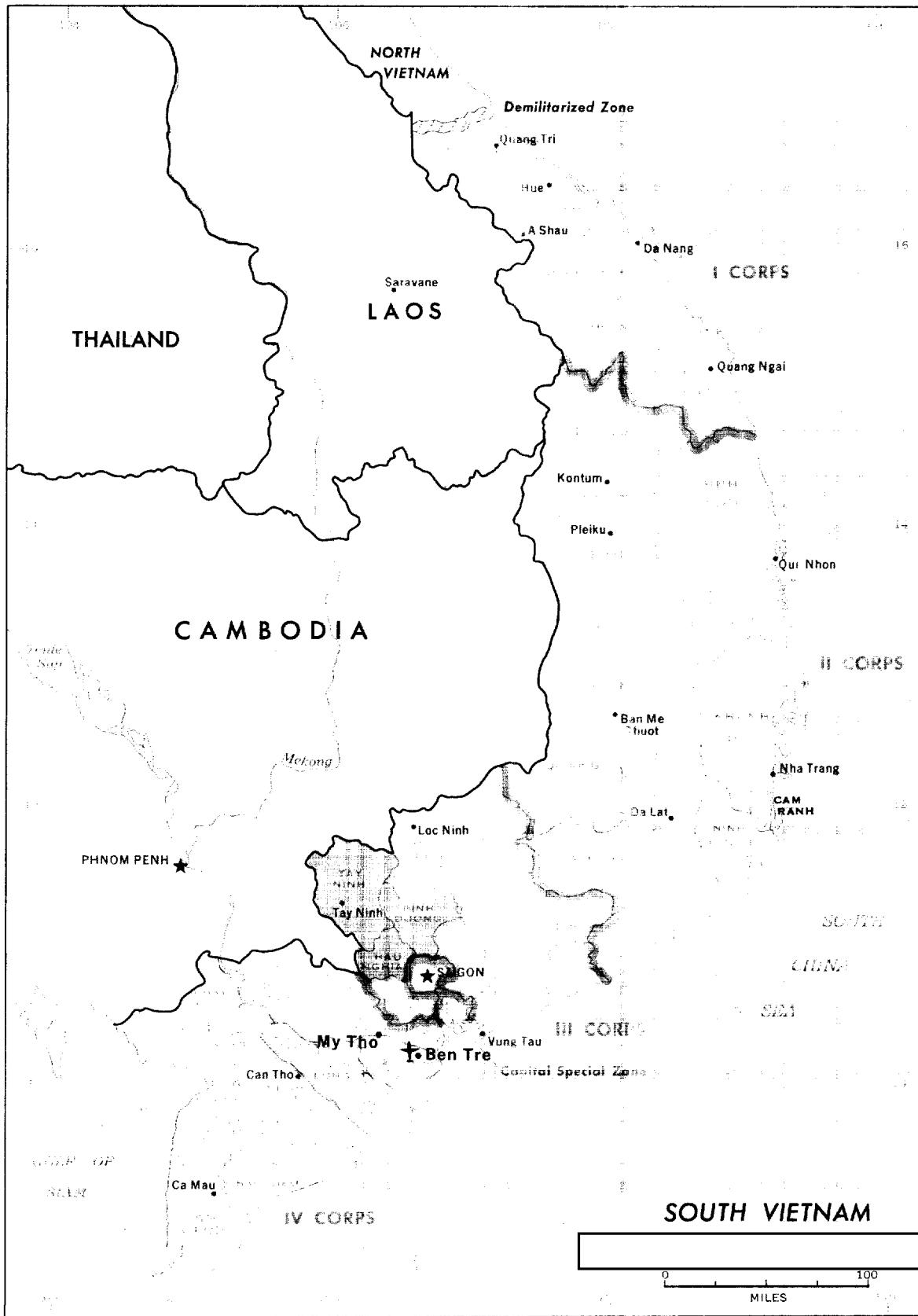
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C South Vietnam: Significant ground fighting was generally limited to northwestern III Corps on 1-2 December, although the enemy also shelled some allied military targets in the delta provinces.

Allied patrols continued to flush out enemy troop concentrations, and over 100 enemy troops were killed in a series of battles in Binh Duong, Tay Ninh, and Hau Nghia provinces.

In the delta, the enemy directed 82-mm. mortar fire against the airfield and provincial headquarters located at Ben Tre, and against a river patrol base, the provincial headquarters, and the military hospital at My Tho. [redacted]

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Japan: Prime Minister Sato, newly re-elected to a third term as president of the Liberal Democratic Party, is preparing to meet the tough problems that he will face in the next two years.

Last week Sato appointed a new cabinet with posts well distributed among his party's factions. This move should help unite the party against the expected opposition onslaught on the issues of Okinawa reversion and extension of the US-Japan security treaty. Sato evidently intends to retain personal management of these problems; he named Kiichi Aichi, one of his most trusted lieutenants, as foreign minister. Aichi has had long and intimate involvement in relationships with the US.

Sato looks upon Okinawa as the crucial challenge to the success of his third term. He considers it essential to obtain agreement next year on the form and timing of reversion if he is to preserve good relations with the US and keep the Liberal Democrats on top.

Aichi told US Embassy officials in early October that the Japanese intend to make preliminary soundings on Okinawa and the security treaty with the new US administration early next year. The Japanese aim in these talks will be to establish the specific ingredients of US-Japan defense relationships, including automatic extension of the security treaty in 1970, and to hammer out a formula under which Okinawa would revert to Japan in 1972 or 1973. If the working-level negotiations succeed, Sato would visit the US sometime later next year to formalize the agreements and then call for national elections. Hopefully, the electorate would approve his management of these controversial issues, thus taking the wind out of the sails of the leftist opposition.

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Communist China: The crash effort to transfer urban youth to the countryside is producing serious friction in communes throughout Kwangtung Province.

On 23 November, [redacted] fighting broke out among over a hundred of the 4,000 students sent to assist local farmers in a commune on the outskirts of Canton. In the battle, fought with hoes, sickles, and bamboo poles, 20 students were injured.

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This is the first report of such student groups fighting among themselves, although there have been several incidents in recent weeks of commune farmers vigorously resisting unwelcome outside youth. In early November, a commune near Swatow turned away students because of a scarcity of food, and the Canton municipal government was forced to accept the commune's decision. In mid-November, another commune refused to take 50 students on the grounds that they were not natives of the area. The students were required to remain at the commune until the Canton government decided on an alternative posting. On 24 November, however, 12 of them were reported missing and were believed to be attempting to return to Canton without authorization.

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[redacted] a nearby county government is currently negotiating with the Canton authorities to cancel the assignment of 1,000 students to communes in its area.

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[redacted] a major complaint of the farmers in Kwangtung is that the students place a severe burden on local food supplies. This problem is likely to reach serious proportions if a current campaign is carried out to assign permanently to rural areas large numbers of unemployed Canton residents between the ages of 16 and 40. Ensuing social disruption plus friction already developing between farmers and students and among the students themselves would probably create a major public security problem for local Kwangtung authorities.

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Philippines-US: Major cabinet changes announced last weekend by President Marcos may be partly intended to improve Philippine relations with the US.

Carlos Romulo was appointed foreign affairs secretary, and will take office in mid-January. Romulo is almost universally regarded as pro-US, and he has served two terms as an effective ambassador in Washington. Marcos may feel that the transfer of Juan Ponce Enrile from commissioner of customs to secretary of justice will remove some irritants in relations with the US. Ponce Enrile has been abrasive in recent discussions with US officials over the imposition of harbor fees on US military shipments entering the Philippines. The dismissal of two officials charged with malfeasance probably is intended to improve the image of Marcos' administration both at home and abroad.

Marcos reportedly contemplates seeking a meeting with the US President-elect before inauguration day. He is said to be disturbed over reports from Philippine officials who were recently in the US that there is a growing "air of hostility" in Washington toward the Philippines.

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Nigeria: Yoruba tribesmen, one of Nigeria's three main tribal groupings, show growing signs of war-weariness.

Rising economic discontent among the Yorubas boiled over last week when a series of demonstrations were held in the Western State to protest taxes imposed by the federal government to pay for the civil war. On 26 November, the Nigerian Army fired on a group of demonstrators in Ibadan, the Western State capital, killing about eleven people. The demonstrators appeared to be voicing pocketbook discontent, and did not express any direct antiwar sentiment. One report, however, indicated that some 200 Yoruba army deserters were among the demonstrators.

The top Yoruba military and civilian leadership supports the federal government's war policy. Some leaders are impatient over the slow progress of the war and are urging stepped-up military efforts. The Yoruba tribe, however, has never been total in its support of the war. As the fighting drags on, many Yorubas are coming to favor a negotiated settlement, and some would probably accept virtual Ibo autonomy. A few Yoruba civilian leaders have privately reflected war-weariness and growing doubts about the ability of Nigeria's military leaders to win the war. [redacted]

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Guyana: Prime Minister Burnham's chances of receiving a clear majority in national elections on 16 December have improved. Burnham has been helped by his disclosure that Cheddi Jagan, his strongest opponent, has been actively involved with Castro-Communist terrorists in Venezuela.

In a "broadcast to the entire nation" on 30 November, Burnham revealed that a pro-Castro Venezuelan had come to Guyana six months ago and had established contact with Jagan and other members of the People's Progressive Party (PPP). Recalling that Jagan had attended the first Tri-Continental Conference in 1966 that endorsed armed insurrection, Burnham told the Guyanese that the agent's mission was to enlist the support of Jagan's party for efforts by the Venezuelan Movement of the Revolutionary Left to subvert the government of Venezuela. According to Burnham, the Venezuelan "is a man of violence trained in its techniques...and violence was the one thing he had to offer in exchange."

Although Burnham has taken some low-level PPP activists into custody, he has implied publicly that he has no intention of arresting Jagan or his wife Janet.

The announcement serves primarily as a diversionary tactic. Burnham is being hard pressed about irregularities in voter registration lists, and cases challenging the constitutionality of his election preparations are before the courts. The revelation will also provide Burnham with a plausible counter to any postelection charges that he obtained a majority illegally. He now can say that he was carried to victory on a wave of popular opinion rejecting Jagan's evil machinations. [redacted]

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Iceland: The ouster of the Communists from control of the country's central labor federation is a major setback to the party and sharply reduces the capacity of the Communists to make trouble for the government.

The Communists suffered their defeat when maverick left-wing socialist Hannibal Valdimarsson was re-elected president of the Icelandic Federation of Labor (IFL) during its congress on 25-29 November. Valdimarsson has held the IFL presidency since 1954, when he led a combination of left-wing socialists and Communists in capturing control of the federation. In 1956 he founded, and was later elected chairman of, the Labor Alliance, an electoral alliance of left-wing socialists and Communists.

In recent years, Valdimarsson has become disenchanted with his Communist allies and has gradually disengaged himself. He completed his break on 1 November by resigning as chairman of the Labor Alliance just before it became a full-fledged political party incorporating the members of the now-dissolved Communist Party of Iceland.

The Communists still dominate the Reykjavik unskilled workers union, Dagsbrun, which holds the key to the nation's shipping and transportation. They also retain seven seats in Parliament. Nevertheless, Valdimarsson's willingness to cooperate with the other opposition party, the agrarian-oriented Progressives, has effectively split the opposition. This will aid the Iceland Government to carry out its controversial program for economic reform, including devaluation, application for European Free Trade Area membership, and rigorous price and wage controls, even though labor disturbances remain a serious threat. [redacted]

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NOTE

Mexico: The National Student Strike Council voted Friday to end its four-month-old strike against the government, but the return to class is to be conditioned on the situation in each school. The decision probably reflects rising student concern over the impending loss of a year's credit, as well as the knowledge that the government is prepared to take drastic action, probably closing the universities, to resolve the situation. Barring an incident that could rekindle tempers on both sides, most students are likely to report this week. [redacted]

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